

GOVERNMENT DOCUMENTS:

FACTORS THAT MAY INCREASE FUTURE SPENDING FROM THE UNIVERSAL SERVICE FUND

Congressional Budget Office (CBO). June 2006. 48 pages.

<http://www.cbo.gov/ftpdocs/72xx/doc7291/06-16-UniversalService.pdf>

“The Universal Service Fund (USF) subsidizes certain producers and consumers of telecommunications services. Under its High-Cost Program, a majority of the USF’s spending goes to companies that provide voice telephone connections in areas where the cost of offering such service is higher than the nationwide average. This paper focuses on factors that may increase the budgetary pressures facing the High-Cost Program in the future. Those factors include legislative and regulatory decisions about how to fund telephone providers (particularly wireless companies) that are entering rural markets to compete with traditional telephone providers; how to use the USF to compensate rural telephone companies for revenues lost from changes in regulated telephone rates; and whether to include rural broadband (highspeed) Internet access among the services subsidized by the USF. This paper also discusses some potential policies to control future increases in spending by the High-Cost Program.”

BROADBAND INTERNET REGULATION AND ACCESS: BACKGROUND AND ISSUES

Angele A. Gilroy and Lennard G. Kruger. Congressional Research Service (CRS). June 14, 2006. 19 pages.

<http://italy.usembassy.gov/pdf/other/IB10045.pdf>

“Broadband or high-speed Internet access is provided by a series of technologies that give users the ability to send and receive data at volumes and speeds far greater than current Internet access over traditional telephone lines. Currently, a number of telecommunications companies are developing, installing, and marketing specific technologies and services to provide broadband access to the home. Meanwhile, the federal government — through Congress and the Federal Communications Commission (FCC) — is seeking to ensure fair competition among the players so that broadband will be available and affordable in a timely manner to all Americans who want it.”

INTERNET TAXATION: ISSUES AND LEGISLATION IN THE 109TH CONGRESS

Steven Maguire and Nonna A. Noto. Congressional Research Service (CRS). June 6, 2006. 16 pages.

<http://italy.usembassy.gov/pdf/other/RL33261.pdf>

“Congress is involved in issues of state and local taxation of Internet transactions because commerce conducted by parties in different states over the Internet falls under the Commerce Clause of the Constitution. Currently, the “Internet Tax Moratorium” prohibits (1) new taxes on Internet access services and (2) multiple or discriminatory taxes on Internet commerce. The moratorium was created by the Internet Tax Freedom Act (ITFA) of 1998 (112 Stat. 2681) and has been extended twice, the last time through November 1, 2007.”

BROADBAND INTERNET ACCESS AND THE DIGITAL DIVIDE: FEDERAL ASSISTANCE PROGRAMS

Lennard G. Kruger and Angele A. Gilroy. Congressional Research Service (CRS). June 2, 2006. 32 pages.

<http://italy.usembassy.gov/pdf/other/RL30719.pdf>

“Legislation introduced into the 109th Congress seeks to provide federal financial assistance for broadband deployment in the form of grants, loans, subsidies, and tax credits. In assessing this legislation, several policy issues arise. For example, is the current status of broadband deployment data an adequate basis on which to base policy decisions? Is federal assistance premature, or do the risks of delaying assistance to underserved areas outweigh the benefits of avoiding federal intervention in the marketplace? And finally, if one assumes that governmental action is necessary to spur broadband deployment in underserved areas, which specific approaches, either separately or in combination, are likely to be most effective?”

INTERNET DOMAIN NAMES: BACKGROUND AND POLICY ISSUES

Lennard G. Kruger. Congressional Research Service (CRS). June 2, 2006. 6 pages.

<http://italy.usembassy.gov/pdf/other/97-868.pdf>

“On June 30, 2005, Michael Gallagher, then-Assistant Secretary of Commerce for Communications and Information and Administrator of NTIA, stated the U.S. Government’s principles on the Internet’s domain name system. Specifically, NTIA states that the U.S. Government “intends to preserve the security and stability” of the DNS, and that “the United States is committed to taking no action that would have the potential to adversely impact the effective and efficient operation of the DNS and will therefore maintain its historic role in authorizing changes or modifications to the authoritative root zone file.”

CONGRESSIONAL HEARINGS:

MAKING THE INTERNET SAFE FOR KIDS: THE ROLE OF ISP’S AND SOCIAL NETWORKING SITES

U.S. House of Representatives. Committee on Energy and Commerce. Subcommittee on Oversight and Investigations. June 27 and 28, 2006.

<http://energycommerce.house.gov/108/Hearings/06272006hearing1954/hearing.htm>

and

<http://energycommerce.house.gov/108/Hearings/06282006hearing1955/hearing.htm>

“Social networking websites, which host weblogs, or “blogs,” are the next generation in communications technology, providing a platform for multifaceted communication between participating users. Children, especially teens and tweens, have embraced this online technology. At the same time that social networking websites offer online communication, camaraderie, and community among teens and tweens, they, like other activities on the Internet, also can pose risks. Because the information that children post on their online journals, web logs or “blogs” can be accessed by other Internet users, social networking websites raise heightened privacy and security concerns. In particular, sexual predators may use the information that children provide on social networking sites to identify, contact, and exploit them, unless these sites are constructed to reduce access to this information, or users themselves take steps to limit unwanted access.”

THE AUDIO AND VIDEO FLAGS: CAN CONTENT PROTECTION AND TECHNOLOGICAL INNOVATION COEXIST?

U.S. House of Representatives. Committee on Energy and Commerce. Subcommittee on Telecommunications and the Internet. June 27, 2006.

<http://energycommerce.house.gov/108/Hearings/06272006hearing1960/hearing.htm>

“Digital content, services, and devices allow more artists to create new and innovative content, and allow consumers to enjoy that content in increasingly exciting and convenient ways. But the digital age also makes it easier to copy and redistribute content in unauthorized ways. There is no question that content creators and owners are entitled to compensation for their content. Without compensation, they have neither the resources nor the incentives to produce more of the music and video content that we enjoy. At the same time, consumers are entitled to legitimate ways of enjoying that content. And device manufacturers are entitled to make devices that permit consumers to enjoy audio and video content. It is critical that we strike the right balance between these interests.”

AT&T AND BELLSOUTH MERGER: WHAT DOES IT MEAN FOR CONSUMERS?

U.S. Senate. Committee on the Judiciary. Subcommittee on Antitrust, Competition Policy and Consumer Rights. June 22, 2006.

<http://judiciary.senate.gov/hearing.cfm?id=1958>

“Today we return to a topic our Antitrust Subcommittee examined in detail a year ago – the continuing consolidation of the telecom industry. The \$ 67 billion dollar merger between AT&T and Bell South we consider today follows closely on the heels of last year’s massive AT&T/SBC and Verizon/MCI mergers. These mergers – and the rapid pace of the technological changes in this industry – are fundamentally reshaping how Americans communicate and what we pay for these services. But while examining the impact of these deals on competition, we must also carefully consider what this consolidation means for our fundamental civil liberties and our national security.”

INTERNET DATA BROKERS AND PRETEXTING: WHO HAS ACCESS TO YOUR PRIVATE RECORDS?

U.S. House of Representatives. Committee on Energy and Commerce. Subcommittee on Oversight and Investigations. June 21 and 22, 2006.

<http://energycommerce.house.gov/108/Hearings/06212006hearing1916/hearing.htm>

and

<http://energycommerce.house.gov/108/Hearings/06222006hearing1943/hearing.htm>

“As the subcommittee is well aware, a significant number of online companies have openly advertised their ability to obtain and sell telephone call records. There are compelling reasons for the government to believe that these operations violate federal law. News accounts as well as expert testimony before Congress reflect that these records are most often obtained unlawfully through "pre-texting" or, in court room terms: fraud. Numerous data brokers are suspected of calling up phone companies and intentionally mis-identifying themselves and their purpose. By lying about their true identity – perhaps by claiming that they are a fellow employee, or that they are the customer, or the customer's representative – they manage to acquire statutorily protected information to which they have absolutely no right.”

THE ANALOG HOLE : CAN CONGRESS PROTECT COPYRIGHT AND PROMOTE INNOVATION?

U.S. Senate. Committee on the Judiciary. Full Committee. June 21, 2006.

<http://judiciary.senate.gov/hearing.cfm?id=1956>

“The Committee has convened today’s hearing to revisit, for the third time this Congress, the inherent tension created by our copyright laws in protecting creative works while encouraging technological innovation. The Committee examined these competing concerns during the Grokster hearing last September and most recently during an April hearing to cast the public spotlight on digital radio services.

Today, we look at the so-called “analog hole” -- a term that describes an existing technological loophole that may undermine copyright protection efforts against the piracy of this country’s visual creations.”

UNIVERSAL SERVICE: WHAT ARE WE SUBSIDIZING AND WHY? PART 1: THE HIGH-COST FUND

U.S. House of Representatives. Committee on Energy and Commerce. Subcommittee on Telecommunications and the Internet. June 21, 2006.

<http://energycommerce.house.gov/108/Hearings/06212006hearing1945/hearing.htm>

“Spending by the High-Cost Program doubled from \$1.9 billion to \$3.8 billion between fiscal years 2000 and 2005; that increase accounted for more than 80 percent of the total growth in spending by the Universal Service Fund (USF) over that period. The Congressional Budget Office (CBO) estimates that such spending could continue to increase rapidly depending on legislative and regulatory decisions about three potential sources of budgetary pressure on the program: further increases in the number of telephone carriers – predominantly wireless telephone companies – eligible to receive universal service subsidies for high-cost areas; possible changes in the structure of the rates that telephone companies charge one another for connecting and transferring calls (known as intercarrier compensation); and possible inclusion of broadband Internet connections in an expanded definition of universal service.”

PRIVACY IN THE COMMERCIAL WORLD II

U.S. House of Representatives. Committee on Energy and Commerce. Subcommittee on Commerce, Trade, and Consumer Protection. June 20, 2006.

<http://energycommerce.house.gov/108/Hearings/06202006hearing1938/hearing.htm>

“A fundamental principle and one of the main drivers of our efforts in the area of privacy is to establish a uniform and consistent privacy regime for the American consumer and business. In addition, we need to empower consumers, business, and the federal government to make the application and enforcement of privacy practices in the United States the world benchmark. With regard to data protection, we will examine how our work in data security can complement and enhance a national privacy regime. Further, I believe the Congress needs to take a closer look at how international regulation of privacy, both at the national and supranational level, is affecting U.S. business and its ability to compete globally. We continue to be concerned about the privacy practices of other countries compromising the business decisions of some of our most successful and innovative companies.”

RECONSIDERING OUR COMMUNICATIONS LAWS: ENSURING COMPETITION AND INNOVATION

U.S. Senate. Committee on the Judiciary. Full Committee. June 14, 2006.

<http://judiciary.senate.gov/hearing.cfm?id=1937>

“We have arrived at another juncture in which Congress faces decisions on the Internet’s future. The “triple play” of being able to offer video TV and movies, telephone, and Internet service raises the risk that telephone or cable companies will “bundle” all three services together and not allow each service to compete on its own merits. It is more important than ever that the Congress focus on the best interests of consumers. This Committee must help ensure that the Internet’s marketplace of ideas and commerce remains effective and vibrant. The resolution of the issues raised today will determine who is in control of electronic access to our homes and small businesses: Will consumers be in control, or will a very few large corporations control that information link?”

S. 2686, COMMUNICATIONS REFORM BILL (AS REVISED) HEARING III

U.S. Senate. Committee on Commerce, Science, and Transportation. Full Committee. June 13, 2006.

http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=1767

“Today, we meet again to discuss the issue of telecommunications reform and the changes made to S. 2686 in the Majority’s updated draft released late last week. Despite significant changes to preserve the legitimate interests of state and local governments in the franchising process, the legislation must do more to ensure that the franchising process will preserve important consumer protections, promote a fair and neutral process for all operators, and advance the ability of local communities to bring the benefits of modern communications networks to all of their citizens.”

STATE TAXATION OF INTERSTATE TELECOMMUNICATIONS SERVICES

U.S. House of Representatives. Committee on the Judiciary. Subcommittee on Commercial and Administrative Law. June 13, 2006.

<http://judiciary.house.gov/Oversight.aspx?ID=244>

“Innovation and convergence of existing technologies are radically expanding telecommunications services, blurring distinction between telephone and Internet services; between cable, wireless and satellite; between long distance and local service; and between telephone and other forms of communications. Many of these new technologies are capable of delivering telecommunications services but do not fit within the definitions of the traditional regulatory framework for telecommunications. As a result, similar services can be delivered via networks that are taxed differently, and for a growing number of technologies, these services are free of state and local taxation. This uneven governmental treatment, while not intentional, has led to competitive barriers, discouraged investment in infrastructure development by traditional providers, and impacted the roll out of advanced telecommunications services. Imposing these higher tax burdens on telecommunications services provided by some telecommunications providers, while imposing lower and even no tax burdens on similar services sold by non-traditional providers, places governments in the position of picking winners and losers in the marketplace.”

MARKUP RECORDS:

SENATE COMMERCE APPROVES MASSIVE TELECOM BILL (S. 2686)

David Hatch and Kristen Lee. CongressDaily. National Journal Group Inc. June 28, 2006.

http://nationaljournal.com/members/markups/2006/06/mr_20060628_12.htm

“The Senate Commerce Committee on Wednesday approved sweeping telecommunications legislation authored by panel Chairman Ted Stevens, R-Alaska, after rejecting efforts by prominent senators to toughen controversial regulations governing the Internet.”

SENATE FINANCE VOTES TO DISCONNECT TELEPHONE EXCISE TAX (S. 1321)

Juliana Gruenwald. CongressDaily. National Journal Group Inc. June 28, 2006.

http://nationaljournal.com/members/markups/2006/06/mr_20060628_4.htm

“The Senate Finance Committee Wednesday approved legislation that would finally repeal a tax that was originally put in place in 1898 to finance the Spanish-American War. The legislation, approved by voice vote, would repeal the 3 percent federal excise tax on local telephone calls.”

SUBPANEL MOVES TO LIMIT BUSINESS IN INTERNET-CENSORING NATIONS (H.R. 4780)

Jessica Brady. CongressDaily. National Journal Group Inc. June 22, 2006.

http://nationaljournal.com/members/markups/2006/06/mr_20060622_3.htm

“U.S. corporations that do business with companies from Internet-restricting countries would be fined as much as \$2 million if language passed Thursday in the House International Relations Africa and Human Rights Subcommittee is enacted.”

RESEARCH CENTER REPORTS:

BROADBAND AND UNBUNDLING REGULATIONS IN OECD COUNTRIES

Scott Wallsten. AEI-Brookings Joint Center for Regulatory Studies. Working Paper 06-16. June 2006. 32 pages.

<http://www.aei-brookings.org/admin/authorpdfs/page.php?id=1284>

“Broadband penetration and available speeds vary widely across OECD countries. Policymakers around the world, and especially in countries like the U.S. that lag in the rankings, are searching for policies to narrow those gaps. Relatively little empirical work tests possible reasons for these differences. In this paper I test the impacts of regulations and demographics on broadband development in a panel dataset across countries. In addition to adding to the meager empirical literature on broadband across countries, this paper is novel in two ways. First, it explicitly takes into account the many different types of unbundling regulations that countries have implemented. Second, in addition to studying the impacts of policies on broadband penetration, it also studies the impact of policies on available connection speeds.”

THE STATE OF IPTV 2006: THE ADVENT OF PERSONALIZED PROGRAMMING

New Millenium Research Council. June 2006. 20 pages.

http://www.newmillenniumresearch.org/archive/IPTV_Report_060706.pdf

“Since the widespread adoption of the Internet in the 1990s, there have been many predictions that consumers would soon be watching “television” on their computers. Video content has become part of many websites, but has Internet Protocol Television (IPTV) arrived as the next generation video platform? Today, a number of diverse providers are offering a wide variety of IPTV formats that allow consumers to customize their video programming and empower a variety of content providers to directly access new audiences unavailable to them on traditional television. This white paper seeks to further explore key issues and questions about this emerging new video service, focusing on how online programming can change the “television” experience for consumers and content providers.”

ONLINE BANKING 2006: SURFING TO THE BANK

Susannah Fox and Jean Beier. The Pew Internet & American Life Project. Data Memo. June 14, 2006. 3 pages.

http://www.pewinternet.org/pdfs/PIP_Online_Banking_2006.pdf

“Online banking is holding steady as a mainstream internet activity, growing along with internet use generally, though not accelerating as have some other forms of online activities. Fully 43% of internet users, or about 63 million American adults, bank online.”

THINK TANK OPINION AND ANALYSIS:

BROADBAND REGULATION: WILL CONGRESS NEUTER THE NET?

James Gattuso. The Heritage Foundation. Backgrounder #1941. June 2, 2006.

<http://www.heritage.org/Research/Regulation/bg1941.cfm>

“Should broadband network owners, such as tele-phone and cable TV companies, be required by law to treat everything sent on the Internet “neutrally”? Until recently, this question was of interest only to a few technology geeks, but in recent weeks it has been the subject of intense debate from Capitol Hill to Silicon Valley. The key issue is how the bits of information that make up Internet transmissions are handled. Traditionally, these bits have been transported on a first-come, first-served basis. However, many broadband network owners would like to manage this traffic more actively—for instance by offering priority delivery, for a fee, to Web content providers who want it. Now Congress is considering legislation to limit network owners’ ability to offer such differentiated service.”

THE ECONOMIC FACTS AND FAQS OF NATIONAL VIDEO FRANCHISING: REFLECTIONS ON THE HOUSE OF REPRESENTATIVES DEBATE

John W. Mayo. AEI-Brookings Joint Center for Regulatory Studies. Policy Matters 06-16. June 2006.

<http://www.aei-brookings.org/policy/page.php?id=257>

“Over the past several months, momentum toward the passage of significant new telecommunications legislation has been building. As the debate over this legislation has proceeded over the last several months, a growing consensus among economic observers emerged regarding the merits of eliminating the current balkanized system of local video franchising. The economic facts all indicate that the presence of over 30,000 local franchising authorities, which must currently - one at a time - approve entry by telcos into their local video markets, stands as a significant economic barrier to entry and robust competition.”

A SKEPTIC’S PRIMER ON NET NEUTRALITY REGULATION

Kyle Dixon, Ray Gifford, Tom Lenard, Randolph May and Adam Thierer. The Progress & Freedom Foundation. Progress on Point 13.14. June 2006. 14 pages.

http://www.pff.org/issues-pubs/pops/pop13.14primer_netneut.pdf

“Net neutrality has become the most hotly debated communications and media policy issue. Proposals to enshrine net neutrality regulation into law are being entertained both in Congress and at the Federal Communications Commission. Meanwhile, as net neutrality has matured into a political issue from a regulatory one, rhetorical restraint has disappeared amidst cataclysmic predictions of “the end of the Internet” and demands for compensation for use of broadband networks. This primer offers an overview of the net neutrality issue. In sum, we remain skeptical of the premises for net neutrality regulation, critical of the regime necessary to implement it, and fearful of the unintended consequences issuing from such a regulatory mandate. That said, we do not counsel for a categorical rejection of net neutrality concerns, but rather vigilance and focus on the competition policy concerns highlighted by net neutrality.”